

Purchase your equipment in 2020 for potential tax relief

You may qualify for significant tax savings! The Tax Cuts and Jobs Act of 2017 increases Section 179 expensing and bonus depreciation for eligible equipment.

Section 179 Allowance:

The Tax Cuts and Jobs Act makes the Section 179 expensing allowance permanent and is now set at the \$1,040,000 level in 2020 for qualifying new and used equipment. Businesses with over \$2,559,000 of purchases in 2020 will have the expense deduction phase out dollar for dollar up to \$3,360,000. In addition, the Section 179 amounts are indexed to inflation in \$10,000 increments for future years.

Example of a lift truck purchase of \$25,000	
Purchase price	\$25,000
1 st year Section 179 allowance	\$1,040,000
Total 1 st year deduction	\$25,000
Potential 1 st year tax savings (21% tax bracket)	\$5,250
After tax cost of equipment	\$19,750

Bonus Depreciation:

The Tax Cuts and Jobs Act extends and modifies the rules pertaining to bonus depreciation. The applicable bonus depreciation percentage will now be 100% for property placed in service during 2020.

Example of a lift truck purchase of \$25,000 using 100% Bonus Depreciation	
Purchase price	\$25,000
100% Bonus Depreciation (\$25,000 x 100%)	\$25,000
Total 1 st year deduction	\$25,000
Potential 1 st year tax savings (21% tax bracket)	\$5,250
After tax cost of equipment	\$19,750

How can you realize tax savings from Section 179?

Contact your accountant or financial advisor today to find out more about the new tax law changes and specific benefits you may receive when acquiring new equipment to ensure the equipment qualifies for favorable tax treatment.

For more information please contact your DLL regional sales representative